

OCA FILE HPSCI

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16 October 1986

## MEMORANDUM FOR THE RECORD

SUBJECT: HPSCI Staff Briefing on Crash of C-123 in Nicaragua

CIA PARTICIPANTS: Alan Fiers, C/CATF/LA; Norm Gardner, SA/DDO, [REDACTED]  
[REDACTED] OCA, and [REDACTED] OCA.

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HPSCI PARTICIPANTS: Tom Latimer and Mike O'Neil

1. On 10 October 1986, the HPSCI staff was briefed by Alan Fiers and Norm Gardner on Agency involvement and knowledge regarding the crash of the C-123 in Nicaragua while on a mission to re-supply Contra forces. The staff briefing was in anticipation of a full committee briefing on the subject that would be held on 14 October.

2. The briefing began with Mr. Latimer relating how the HPSCI reached a decision to hold a full hearing on the subject. Mr. Latimer stated that Chairman Hamilton believed the Agency's denial that it sponsored the C-123 flight, but that the majority of Democratic members of the HPSCI believe that the Agency either sponsored the flight or was aware of the flight. Mr. Latimer stated that if the Agency denied knowledge of the flight, members would still criticize the Agency for looking the other way. Mr. Latimer cautioned that the 14 October hearing could prove hostile.

3. Mr. Fiers began the briefing by noting that they had just completed a briefing of the Senate Foreign Relations Committee, and that the liberal members of the Committee indicated they believed the Agency's denial of involvement with the flight. During the Senate Foreign Relations hearing, Elliott Abrams stated that the official U.S. policy toward private efforts to aid the Contras was to neither actively encourage or discourage such efforts. Mr. Abrams did, however, laud the efforts of private groups to support the Contras. Mr. Fiers stated that Mr. Abrams would be present to defend this policy before the HPSCI during the 14 October hearing.

4. Mr. Alan next proceeded to give a chronological history of what we knew with respect to private efforts to aid the Contras. Mr. Alan stated that in January 1985 it came to our attention that significant quantities of private aid was flowing to the Contras. This was reported in a variety of intelligence disseminations. Reports indicated that funding for these private

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efforts came from Europe, China, and South Korea. The approximate dollar value of the aid was \$2 million a month. In April 1986, the Agency noticed that private supporters were flying from Ilopango Airport, El Salvador, and Aguacate, Honduras, into Nicaragua to drop arms. Our case officers were given instructions to stay far away from these supply efforts. The case officers were told "not get near them", and to report on information they learned about the private supply effort. Mr. Fiers explained that it was our understanding that the Honduran and El Salvadoran military cooperated with these private aid efforts only because the Contras indicated that the individuals involved with the flights had the support of the Contras. Mr. Fiers stated that Agency personnel had no contact with any of the individuals involved with the private aid effort in Ilopango, and that there was only four contacts made with these individuals at Aguacate. None of these contacts involved discussion regarding aid to the Contras.

5. Mr. Fiers stated that we may have provided intelligence to the Contras, who then shared this intelligence with the individuals involved in the private aid effort to help facilitate delivery of that aid. However, we never have provided information directly to those involved in the private aid effort.

6. With respect to knowledge of the flights, Mr. Fiers stated that we did not know when the airplanes actually left to fly into Nicaragua or what was on board the craft.

7. With respect to the issue of why we didn't collect more information on who was sponsoring this private aid effort, Mr. Fiers stated that the Executive Order restricting collection of information on Americans effectively prevented the Agency from following up on clues we had regarding the source of funding for the private aid effort. Mr. Fiers also stated that attempting to penetrate the private aid group to collect information could cause a graymail problem since any contact we had with this group would be used by them to assert that this operation was sponsored by the Agency.

8. Mr. O'Neil stated that it would be helpful if the Committee had access to the intelligence disseminations regarding private supply efforts to the Contras and operation traffic instructing our officers to stay clear of the private supply efforts. Mr. Fiers promised to deliver this material prior to the Committee hearing on October 14.

9. Mr. O'Neil also strongly disputed the assertion that the Executive Order would have prohibited the Agency from collecting information overseas regarding private American efforts to aid the Contras. Mr. O'Neil urged that an Agency attorney be present during the hearing to answer the questions regarding the Executive Order.

10. Mr. O'Neil stated that members would have a hard time believing that we were not more aggressive in determining who was sponsoring these aid efforts. He also inquired why we did not ask the FDN where money and support was coming from. Mr. Fiers responded that some of the money may have been coming from the United States and that the Agency did not have a charter to investigate U.S. citizens in the United. Furthermore, there probably was no

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violation of U.S. law, which meant that other agencies would not have jurisdiction to investigate Americans in the U.S. Mr. O'Neil noted that the Agency had no problem reporting on information it received regarding the private aid effort, but it did not follow up by finding out who ultimately was behind the aid effort. Mr. O'Neil felt that members would feel that we decided to avoid gathering information on this issue because it could hurt the Contras.

11. Mr. Fiers' acknowledged that the Agency was vulnerable for not pursuing who was behind the private effort to aid the Contras, but the Agency position was consistent with policy of the U.S. government to do nothing that would encourage or discourage private aid for the Contras. Mr. O'Neil stated that the members will not believe that the Agency does not know where the money to finance the private aid was coming from. Mr. Fiers responded that in some situations it is extremely difficult to track down the source of funding. He noted, for example, that if the Saudis or Israelis were behind the aid effort, it would be almost impossible to trace the money back to them.

12. Mr. Fiers also briefed the Committee on what we knew with respect to Felix Rodriguez (alias Max Gomez). Mr. Rodriguez was a 20-year veteran of the Agency who retired in 1978. Mr. Rodriguez currently works for the Salvadorian Airforce as a contractor. Mr. Fiers disavowed all knowledge or responsibility for Mr. Rodriguez's activities since leaving the Agency. (Mr. Hasenfus named Mr. Rodriguez as the individual running the Contra supply effort). Mr. Fiers noted that it may appear as if Rodriguez was still working for us since they used a house [redacted]

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13. Mr. O'Neil advised Mr. Fiers that in the hearing he should lay out the entire story of what the Agency knew in chronological order. He also advised that we be prepared to deal with questions on why there was no hard intelligence on where the money was coming from to buy the arms and transport them into Nicaragua.

14. At the end of the briefing Mr. Fiers raised the issue of whether the Committee would require that [redacted] be charged against the \$100 million. Mr. O'Neil stated [redacted]

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Office of Congressional Affairs

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Original - OCA/Legislation Subject File: Nicaragua

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- 1 - [redacted] Signer

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